Form **8846**

Department of the Treasury
Internal Revenue Service

Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips

Attach to your tax return.
Go to *www.irs.gov/Form8846* for the latest information.

OMB No. 1545-0123

2025

Attachment Sequence No. **846**

Name(s) shown on return | **Identifying number**

Note: Claim this credit **only** for employer social security and Medicare taxes paid by employers in certain businesses where tipping is customary. See the instructions for line 1.

1	Tips received by employees for services on which you paid or incurred employer social security and Medicare taxes during the tax year (see instructions)	**1**	
2	Tips not subject to the credit provisions (see instructions)	**2**	
3	Creditable tips. Subtract line 2 from line 1	**3**	
4	Multiply line 3 by 7.65% (0.0765). If you had any tipped employees whose wages (including tips) exceeded $176,100, see instructions and check here . . . . . ☐	**4**	
5	Credit for employer social security and Medicare taxes paid on certain employee tips from partnerships and S corporations	**5**	
6	Add lines 4 and 5. Partnerships and S corporations, report this amount on Schedule K. All others, report this amount on Form 3800, Part III, line 4f	**6**	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8846 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/Form8846*.

What's New

For tax years beginning after 2024, the tax credit was extended to certain beauty service businesses. See *Who Should File* below for more information on the businesses to which the credit was extended.

Purpose of Form

Certain employers (see *Who Should File* below) use Form 8846 to claim a credit for social security and Medicare taxes paid or incurred by the employer on certain employees' tips. The credit is part of the general business credit.

You can claim or elect not to claim the credit any time within 3 years from the due date of your return on either your original return or on an amended return.

Partnerships and S corporations must file this form to claim the credit. All other taxpayers are not required to complete or file this form if their only source for this credit is a partnership or S corporation. Instead, they can report this credit directly on line 4f in Part III of Form 3800, General Business Credit.

For information regarding taxes imposed on tips, including information on the difference between tips and service charges, see Revenue Ruling 2012-18, 2012-26 I.R.B., at *www.irs.gov/irb/2012-26_IRB#RR-2012-18*.

Who Should File

File Form 8846 if you meet the following conditions.

1. You had employees who received tips from customers for either or both of the following.

a. Providing, delivering, or serving food or beverages for consumption if tipping of employees for delivering or serving food or beverages is customary.

b. Providing barbering and hair care, nail care, esthetics, or body and spa treatment services, if tipping of employees for providing such services is customary.

2. During the tax year, you paid or incurred employer social security and Medicare taxes on those tips.

How the Credit Is Figured

Generally, the credit equals the amount of employer social security and Medicare taxes paid or incurred by the food or beverage employer or the beauty services employer, taking into account the following.

Food or beverage employers. These employers cannot claim the credit for taxes on any tips that are used to meet the federal minimum wage rate in effect on January 1, 2007, of $5.15 an hour. Therefore, the amount of tips for any month that are used to figure the credit must be reduced by the amount by which the wages that would have been payable during that month at $5.15 an hour exceed the wages (excluding tips) paid by the employer during that month.

Beauty service employers. These employers cannot claim the credit for taxes on any tips that are used to meet the federal minimum wage rate currently in effect, of $7.25 an hour. Therefore, the amount of tips for any month that are used to figure the credit must be reduced by the amount by which the wages that would have been payable during that month at $7.25 an hour exceed the wages (excluding tips) paid by the employer during that month.

Example. A food or beverage employee worked 100 hours and received $450 in tips for October 2025. The worker received $375 in wages (excluding tips) at the rate of $3.75 an hour. If the employee had been paid $5.15 an hour, the employee would have received wages, excluding tips, of $515. For credit purposes, the $450 in tips is reduced by $140 (the difference between $515 and $375), and only $310 of the employee's tips for October 2025 is taken into account.

Additional Medicare Tax. A 0.9% Additional Medicare Tax applies to Medicare wages and tips. However, Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. Thus, there is no effect on the credit for employer social security and Medicare taxes on certain employee tips.

Specific Instructions

Figure the current-year credit from your trade or business on lines 1 through 4.

Line 1

Enter the tips received by employees for services on which you paid or incurred employer social security and Medicare taxes during the tax year.

Food and beverage employers include tips received from customers for providing, delivering, or serving food or beverages for consumption if tipping of employees for delivering or serving food or beverages is customary.

Beauty and service employers include tips received from customers for providing barbering and hair care, nail care, esthetics, and body and spa treatments if tipping of employees providing these beauty services is customary.

Line 2

Food or beverage employees. If you pay these tipped employees wages (excluding tips) equal to or more than $5.15 an hour, enter zero on line 2.

Beauty service employees. If you pay these tipped employees wages (excluding tips) equal to or more than $7.25 an hour, enter zero on line 2.

Figure the amount of tips included on line 1 that are not creditable for each employee on a monthly basis. This is the total amount that would be payable to the employee at $5.15 or $7.25 an hour reduced by the wages (excluding tips) actually paid to the employee during the month. Enter on line 2 the total amounts figured for all employees.

Line 4

If any tipped employee's wages and tips exceeded the 2025 social security tax wage base of $176,100 subject to the 6.2% rate, check the box on line 4 and attach a separate computation showing the amount of tips subject to only the Medicare tax rate of 1.45%. Subtract these tips from the line 3 tips, and multiply the difference by 0.0765. Then, multiply the tips subject only to the Medicare tax by 0.0145. Enter the sum of these amounts on line 4.

Reduce the income tax deduction for employer social security and Medicare taxes by the amount on line 4.

Fiscal-year taxpayers. If you have an employee with wages and tips paid in 2026 that exceeded the 2026 social security wage base of $184,500 by the end of the 2025 fiscal year, follow the line 4 instructions above to determine the amount to enter on that line. The determination whether the tipped employee's wages exceed the social security wage base is made for each calendar year.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.